

Dear State CSBG Directors,

This week House Democrats are expected to decide whether or not they will develop and move a budget resolution for the year. Democratic leaders say they want to have a budget resolution for fiscal 2011, but whether they can assemble one that can pass the House remains an open question. With rising public anxiety about high deficits and growing federal debt, Democrats are under enormous political pressure to demonstrate they also are serious about deficit reduction. Nonetheless, liberal Democrats are concerned that efforts to reduce the deficit too quickly will harm vulnerable populations and could imperil the fragile economic recovery.

House Majority Leader Steny H. Hoyer (D-MD) and Budget Chairman John M. Spratt, Jr. (D-SC) have been holding meetings with various Democratic groups in an effort to formulate a budget that could attract enough Democratic votes to gain a House majority, as no Republican support is expected. However, if an agreement is not reached, Democrats could still move forward on the budget by adopting a “deeming resolution” to set top-line discretionary spending for year and by later acting on any recommendations of President Obama’s deficit reduction commission.

While a budget resolution does not have the force of law because it is not signed by the president, it does establish the parameters within which Congress considers separate revenue, spending, and other budget-related legislation. The annual “blueprint” sets spending, revenue and deficit targets for the year, which are enforced through budget points of order on the House and Senate floors — as well as projected future levels of spending, revenues and deficits, usually for a five-year time period. Key elements include the annual limit on discretionary spending (i.e., the “302(b) allocation” for spending by the Appropriations Committee), and any reconciliation instructions which subsequently allow for certain budget-related legislation to move on an expedited process through the Senate, free of possible filibusters. (*Source: Congressional Quarterly*)

We will keep you informed as things progress.